

PAYROLL MODULE

YEAR END PROCESSING

Documents Included:

BONUS CHECKS AND FRINGE BENEFITS
PAYROLL QUARTER-END PROCESSING
PAYROLL YEAR-END PROCESSING
PAYROLL SPECIAL REPORTS (FUTA, SUTA, ETC.)
(Sections needed for year end only)

BONUS CHECKS & FRINGE BENEFITS

BONUS CHECKS - read all 7 paragraphs before beginning

Bonus Checks are printed using the 'Post Payroll Individual' option in *Transactions*.

The grid options are **S** to calculate withholding at the **Supplemental** rate OR **R** to calculate withholding at the regular rate. and **Y** for **Bonus**. The Pay Period Beginning and Ending Dates may be the same as your last payroll - or the last day of your last pay period. (Do not use next pay period dates). **Optional Deductions** (insurance, etc.) are usually omitted, however FICA and FWT will be deducted if applicable.

The Federal and State (if applicable) withholding rates for supplemental checks are set up in *Files - Taxes*, code SWT(your state) and FWT. You may set the percent to whatever you want deducted for withholding. The IRS suggested rate is 25% (Aug 2003), or it may be left 0 for no withholding. No withholding will be calculated based on exemptions and filing status when supplemental checks are written using the Supplemental tax rate of 0.

Note: IF the employee has Additional FWT deducted, it will be deducted from the Bonus check unless you zero it out first (Files, Employees, enter employee number, History, withholdings, the additional FWT is in the Supplemental Taxes column. Zero it out, but make sure after you run the bonus checks to put it back in unless they don't need it anymore.

If you want *withholding calculated at the regular payroll rates*, change the 'Posting Type' to **R** for Regular. Use the same pay period beginning and ending dates as your last payroll. When the computer displays the message about the overlapping dates, continue with the payroll.

If the bonus is a specific dollar amount, change the hours or salary to zero (0) and go to the 'Other Taxable' pay type. Enter 'Bonus' or some other short description in the first field and then enter the amount of the bonus in the dollar field. A default GL account displays if you are linked to the GL. You may accept the default or change the account.

After posting each check, calculate the payroll and print the checks following your normal procedures.

Note: The reason for using a pay period that has already been used is so that if you use the option 'Post Payroll Selective' for your next payroll, you can enter the normal pay period and the employees will display. If you used a new pay period date for your Bonus checks which overlaps with the next valid pay period, no employees will come up and you will have to use the option 'Post payroll Individual' and enter one employee at a time.

FRINGE BENEFITS

There are several options available in the Payroll system to handle fringe benefits. The way you handle them at your company will determine how they are handled in the Payroll system.

The Payroll manual has several places that explain the procedure. Look in the Index under 'Fringe benefits'. There is also a page for 'Withholding on' fringe benefits. The other applicable section of the manual is under 'Adding Employees', the section on 'Entering Employee W-2 Information', 'Fringe Benefits (FICA taxed)' and 'Fringe Benefits (FICA exempt)'.

Before your last payroll of the year, determine the amount of Fringe Benefits that are FICA Taxed and the

amount that is FICA Exempt.

FICA EXEMPT

If the amount is exempt from FICA, enter the amount only in the *Fringe Benefits (FICA exempt)* field on the W-2 page of the employee record. If you have already closed the year in payroll, enter it on Last Year's page. If you have not closed yet, enter it on the Current page as displayed in Illustration 1 below (500.00). This amount will appear in Box 12 'Fringe Benefits', and in Box 1 'Wages, tips, and other compensation' of the W-2 form. It will not appear in boxes 3 and 5 which are the FICA wages.

Employee W2 Info			
Current Year			
HJE1	Hammond, Jean		
Retirement plan ? (Y/N)		N	
Box 13 code for 'K' deductions			
Advance Earned Income Credit		0.00	
Dependent Care Benefits		0.00	
Non-income Sick pay		0.00	
Allocated Tips		0.00	
Nonqualified Plans		0.00	Section 457 only ? (Y/N)
Tax on excess golden parachute		0.00	
Fringe Benefits (FICA taxed)		1000.00	
Fringe Benefits (FICA exempt)		500.00	
Cost of Insurance > \$50,000		0.00	
Total Group Term Life Insurance		0,000	
Uncollected Taxes on Group-Term Life Ins. > \$50,000			Soc Sec 0.00 Medicare 0.00
Uncollected Taxes on Tips			0.00 0.00
Select Menu Option			
<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			

Illustration 1

FICA TAXED

If the amount is FICA taxed, enter the amount in the *Fringe Benefits (FICA taxed)* field on the W-2 page of the employee record. If you have already closed the year in payroll, enter it on Last Year's page. If you have not closed yet, enter it on the Current page as displayed in Illustration 1 above (1000.00).

This amount **will** appear in Box 14 'Fringe Benefits', and in Box 1 'Wages, tips, and other compensation' of the W-2 form.

This amount **will not** appear in boxes 3 and 5 which are the FICA wages **unless you also enter it on the withholdings part of the history page of the employee's record**. See Illustration 2 below. This must be done before you run your last payroll for the year or on a special payroll run before you begin the end of quarter and year processing.

Employee History						
HJE1	Hammond, Jean				Exempt (Y/N)	Exempt (Y/N)
	QTD Wages	YTD Wages			Sick SSEC	Sick SDI
Hours	120.00	312.00			Sick MEDI	Sick SUTA
Gross	780.00	2080.00			Sick FUTA	
Tips	0.00	0.00				
Net	525.67	1479.47				
-----Employee Withholdings-----						
	QTD Wages	YTD Wages	QTD Taxes	YTD Taxes	Exempt (Y/N)	Supplemental Wages Taxes
FWT	780.00	1985.10	98.59	197.14	N	0
SSEC	1780.00	3080.00	110.36	190.96	N	1000.00
MEDI	1780.00	3080.00	25.81	44.66	N	1000.00
SWT	780.00	1985.10	9.82	16.07	N	0
EESDI	780.00	1985.10	9.75	21.80	N	0.00
EESUTA	0.00	0.00	0.00	0.00	Y	0.00
EELOC1	0.00	0.00	0.00	0.00	Y	0.00
EELOC2	0.00	0.00	0.00	0.00	Y	0.00
Select Menu Option						
	1	ENTER				

Illustration 2

Enter the amount of Fica Taxable fringe benefits in the employee file as supplemental wages as shown in Illustration 2. It needs to be in both fields for SSEC and MEDI to be calculated. When you run your payroll, the social security and medicare on the fringe benefits will be deducted from the employee's check.

This calculation and deduction will cause the fringe benefit amount to be included in Box 3 (Social Security Wages) and box 5 (Medicare Wages) of the W-2.

EXTREMELY IMPORTANT - Before running your first Payroll in January, REMOVE the supplemental wages amount from the Employee History page of the Employee record. If you don't, additional SSEC and MEDI will continue to be deducted from the employee's check.

PAYROLL QUARTER-END PROCESSING

The quarter-end process must be done after all the paychecks for a quarter have been run or entered and before checks are printed for a new quarter. Quarter-end processing clears the quarter-to-date figures for wages and taxes; and moves all transactions from current to history.

- _____ Make sure that the last payroll for the quarter has been run.
- _____ Make sure that all manual payroll checks for the quarter have been entered.
- _____ Make sure that all tax deposits for the quarter have been entered. Print the *Tax File Report*. Opt *Reports*, Opt *Tax File Report*. (Optional - Print the *Tax Deposit Report* for a complete list of all tax deposits made for the quarter.)
- _____ Print a Preview Federal Form 941 and check the totals against a report such as the Employee Wage and Tax Report. (Only a Preview 941 may be printed before the quarter-end process is run. The purpose of this report is to allow you to check the totals and still make corrections before closing the quarter. Opt *Reports*, Opt *Print Labels/Forms*, Opt *Federal Form 941*. (Suggested grid options - **Preview** yes, verify the displayed rates, **Month and Year** enter the first month of the quarter.)
- _____ (Optional - Print a check register for the quarter. Suggested grid options - **Departments** blank, **First and Last Employee** blank, **Check Date** blank, **Order By** C for check number, **Test Checks** your choice - do you want alignment checks to print on the register?, **Include** Only C for current).
- _____ Print an *Employee Wage and Tax Report*. This report is an excellent audit of the total hours, wages, and all taxes for the quarter. It also totals the wages and taxes and can be used to compare with the totals on the Preview 941. Opt *Reports*, Opt *Employee Wage and Tax Report*. (Suggested grid options - **Departments** blank, **Employee Status** blank, **First and Last Employee** blank, **Period** Q, **State** blank, **Activity** N.)
- _____ Print any other reports you may want. See the list of reports in section 3.10 of the Payroll Manual. See the report examples in the appendix of the manual.
- _____ If you are using the **PRREPS** programs (which reside in the BASE directory - FOXPROX PRREPS) to print your State and Federal Unemployment reports, these reports must also be printed before you close the quarter. *****Documentation for PRREPS follows the Year End checklist. Run reports before closing the YEAR so you can balance them.*****(Windows Version - Company Selection Menu, Opt U, Opt 1)
- _____ Release any totals to the General Ledger which have not previously been released. This process should be done either monthly or on a payroll-by-payroll basis. At this point there should be no transactions in the file.

DO NOT CLOSE!

Continue the year end processing using the checklist for 'Payroll Year End Processing'.

PAYROLL YEAR END PROCESSING

- _____ Complete all normal quarter-end processing except do not close the quarter. If you are using the PRREPS programs which reside in the BASE directory (FOXPROX PRREPS), be sure to print all the reports you need from there (Federal and State Unemployment reports) before closing.
- _____ Print Employee YTD Wage Report (*Reports*). Be sure the grid option is changed from Q for QTD to Y for YTD. The YTD totals on the last page should balance to your four 941's.
- _____ Print any other yearly reports that you may want. (Check your Payroll manual for a list of reports.)
- _____ Make sure the system date is the last day of the year you are closing. (*System/Change System Date*).
Note: If you are closing and it is still December, you do not have to change the date.
- _____ Close the Quarter and Year (*Transactions*).
- _____ Print your 4th quarter 941 (*Reports, Print Labels/Forms, Federal Form 941*).
- _____ Print W2's whenever you are ready. January payrolls do not affect W2 totals. This information is stored in a file called LASTYEAR, so W2's are printed after year-end closing.
- _____ Before running your first payroll in January, Update the Taxes and Tax Tables with the new year changes, if applicable. These changes may be found in the Circular E, Employer's Tax Guide, sent directly to you by the IRS each year. Contact Petro-Data if you need help. The withholding tables do not necessarily change every year.
- _____ Check the system date again to be sure it is back to the current date. If not, change it back.
If the Federal Withholding Allowance changes, go to *System, Change System Setup* and edit (E) the field Federal Withholding Allowance.

The payroll changes for each new year may be found in your Circular E which the IRS mails out to every employer sometime during December. The preliminary information may be found on the internet. Petro-Data will fax you the updated information upon request (including instructions for making the changes) and will assist you in updating your files if needed. Petro-Data reserves the right to charge a nominal fee for this assistance.

If the TAX TABLES change, go to *Files, Taxes, FWT, Update Table*. There is a separate table page for Single (S), Married (M), and Head of Household (H). Use the page in your Circular E for Annual Payrolls. The screen in the computer looks very similar to the actual table. Edit each line and enter the correct figures.

State Tax Tables work the same way (*Files, Taxes, SWT__, Update Table*.)

If the FICA maximum changes, go to *Files, Taxes, FICA and ERFICA*. Change the Max Taxable Gross in both records to the correct amount. If the rates change, the new rates are entered in the

same record. (Note: *MEDI* and *ERMEDI* rates could also change from year to year. Check your Circular E each year for changes.)

If your State Unemployment Tax Rate changes, go to *Files, Taxes, SUTA(your state)* (Example: SUTATX for Texas). Enter the new rate in decimal form not percent form. (Example: 8.2% is entered as .082).

PAYROLL SPECIAL REPORTS (FUTA, SUTA, WORKERS COMP, TIME SHEETS, ETC.)

Note: This document only has the sections needed for year end. The complete document should be in your Payroll Manual under the 'Petro-Data Appendix' tab.

From the Company Selection Menu, select Option *U - Utility/Prreps/Fix Programs*, Opt *1 - Payroll Reports*.

(DOS version: From the Base prompt type **PRREPS**)

Password: PRREPS

The following screen displays:

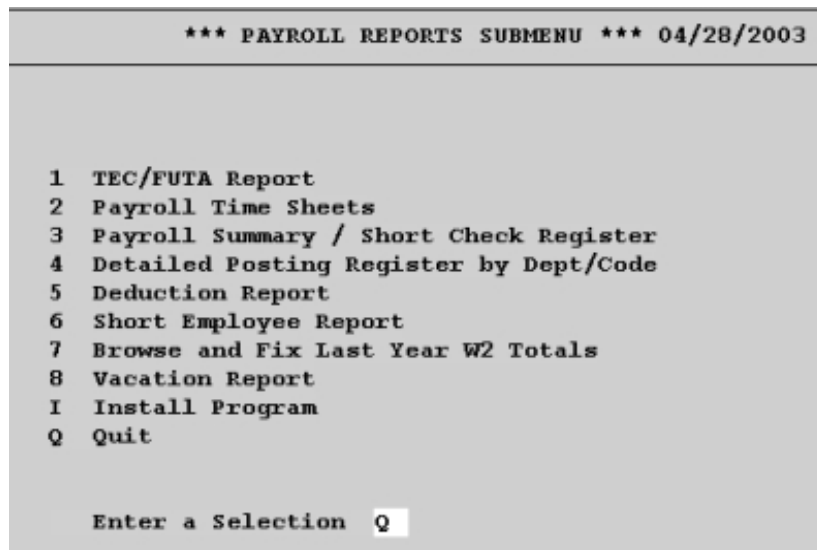


Illustration 1

NOTE: The Install program must be run first before some of the reports will run without errors.

- 1 The TEC/FUTA Report menu option has the SUTA report (State Unemployment Report) and the FUTA report (Federal Unemployment Report).

- 5 DEDUCTION REPORT

- 7 BROWSE AND FIX LAST YEAR W2 TOTALS

- 8 VACATION REPORT

SELECTION 1 TEC/FUTA REPORT

This option has the SUTA (State Unemployment Tax) and FUTA (Federal Unemployment Tax) reports. Both reports have 'Pre-Printed Form' and 'Plain Paper' options. The Pre-Printed Form option is based on the Texas format. It may not be suitable for other States.

These reports must be run at QUARTER END after all payrolls have been run. Current versions have an option for 'previous quarter'. If yours has this option, the totals are captured when you close the quarter or year and reports can be rerun if needed. If you do not have that option, you will not be able to run the reports after you close the quarter and year.

Menu Select. From the PRREPS Main Menu, select *1 TEC/FUTA REPORT*. (TEC is SUTA)

*** SUTA/FUTA QUARTERLY REPORT *** MM/DD/YYYY

'This Report is Run Before Closing the Quarter. Press Enter or Q to Quit'.

Output to : **S=Screen** **P=Printer** **F=Text File** **Q=Quit**

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*** SUTA/FUTA QUARTERLY REPORT *** 04/28/2003

Display report on screen

Enter a Company (Q=Quit) 1
Name: Petro-Data Oil

Choose Report Option: 1 Futa Report      2 Suta Report 2
Tax Code SUTATX      State TX      Rate 0.0024      Maximum 9000.00
Quarter To Report 1      Year 2003
Enter the Report Date 03/31/2003

Print Option: 1 Pre-Printed Form      2 Plain Paper 2
Print header information? (Y/N) Y
Balance for Column 1?      1=QTD Gross      2=QTD Gross Taxable 1
Balance for Column 2? 1=Suta Taxable      2=Gross Taxable Wages 1

Ready to Print? (Y/N/P/Q) Y

```

Illustration 2

Both the FUTA and SUTA reports print to plain paper or directly on the Federal and State forms (the State report was formatted for Texas, check with Petro-Data if you are in a State other than Texas).

The tax rates and the maximum taxable wages are retrieved from the tax codes 'FUTA' and SUTATX' in 'Files' 'Taxes' (TX is for Texas, your State abbreviation will be used instead of TX in the code for your state

unemployment tax).

You may select the totals to print in the two Wages columns. If you are not sure, start with 1-QTD Gross and 1-SUTA Taxable.

Illustration 3 is an example of a FUTA report printed on plain paper. The SUTA report uses the same format. If you would like to print the reports directly on forms, print them on plain paper using the 'print on forms' option.

Date: 01/24/00		Live Millenium Data		Page No.	
Time: 10:32:23		FUTA REPORT FOR 4th QUARTER 12/31/99		1	
SS NUMBER	NAME	QTD WAGES	THIS QTD TAXABLE	TAX CALC	TAX POSTED
909-76-4111	Bradley, Shelli E	1455.00	1455.00	11.6400	11.64
594-78-2169	Hammond, Jean	780.00	780.00	6.2400	6.24
404-21-9171	Hobbs, David E	260.00	260.00	2.0800	2.08
569-22-2309	Rudolph, Susan R.	520.00	520.00	4.1600	4.16
TOTAL		3015.00	3015.00	24.12	
TAX RATE	0.0080	LIMIT	7000.00		
TAXABLE EARNINGS	3015.00				
TAX DUE	24.12				
LESS PREV. DEPOSIT	0.00				
TOTAL TO DEPOSIT	24.12				

Illustration 3

The options for the SUTA report are the same as the FUTA report. Select 1 - Futa report.

SELECT 5 DEDUCTION REPORT

```

1 Print on screen/disk    2 Print on printer    Q Quit  1
1 Current file    2 History file    3 Both  3
Enter report date 01/24/20
Enter a range of payroll ending date Beg date 01/01/1999 End date 12/31/1999
Enter deduction description (upper case). Blank=All IRA
Do you want to input a selection criteria N
Verify the name of the disk file C:\BASE\PRDEDREP.PRT
Subtotal by employee? (Y/N) N
Is everything OK? (Y/N/Q)

```

SELECT 7 VACATION REPORT

```

Display report on screen
Enter a Company (Q=Quit) 1
Name: Petro-Data Oil
1-Current file    2=History file    3=Both  1
Enter payroll ending date range Beg date 01/01/2003 End date 04/30/2003
Enter report date 05/02/2003
Is everything ok? (Y/N/P=Printer/Q=Quit) Y

```

Date: 05/02/2003		Petro-Data Oil				Page No.	
Time: 17:20:08		Sick/Vacation/Oth Hours Report 05/02/2003				1	
Range of Dates: 01/01/2000 to 04/30/2003							
Employee Name	SS No.	Type	End Date	Hours	Rate	Amount	
HJE1	NAME NOT FOUND,	Holiday	12/08/2001	2.00	6.50	13.00	
HJE1	NAME NOT FOUND,	Personal	12/08/2001	1.00	6.50	6.50	
HJE1	NAME NOT FOUND,	Sick	12/08/2001	4.00	6.50	26.00	
HJE1	NAME NOT FOUND,	Vacation	12/08/2001	3.00	6.50	19.50	
SUBTOTAL FOR HJE1				10.00		65.00	